

## REPORTING SYSTEMS OF INTANGIBLE ASSETS: CHALLENGES AND POSSIBILITIES

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**Purpose** – Various studies have showed that tangible assets such as equipment, plant, office buildings are no longer playing an important role in today's advanced economy. Countries such as United Kingdom and the United States have reported that investments in intangibles are exceeding the investments in tangible assets. Based on these findings the **purpose** of this study is to present the newest intangible asset reporting systems, compare them and explore their challenges and possibilities.

**Design/methodology/approach** – Scientific literature analysis, comparative and summarization methods will be used during the research to better understand the challenges of the issue.

**Findings** – As the findings revealed, there is a lack of consistency while measuring intangible assets. Scandia Navigator reporting system, Agency for public intangibles of France and many other intangible asset reporting systems introduce different approaches towards intangible asset valuation. In order to assess the importance of the intangibles it is important to benchmark these assets within macro, mezzo or micro level respectively, although it is challenging to achieve the goal, since these systems are difficult to compare.

**Research limitations/implications** – Many reporting systems have been widely criticized since their reports are based on historical data. Also, certain challenges arise due to the data availability, which is susceptible to subjectivity and verifiability. In addition, it is a common practice for large scale companies to create their own reporting



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systems, which they use for internal purposes only. Some of those reporting systems include intangible assets, yet such data is not available for comparison and for validation.

**Practical implications** – According to the reports from Organization for Economic Co-operation and Development (*OECD*), countries, such as United Kingdom, Japan and the United states, have already exceeded the investments in the intangible assets as a share of GDP compared to the investments in tangibles. If the intangibles are playing such an important role in today's economy it is natural to raise a question about reporting issues of these assets. The results of this research would be useful for scientists as well as businesses, since it would compare various reporting systems and identify the challenges and possibilities which might occur.

**Originality/Value** – The world economy has moved from an industrial to a knowledge economy where long lasting competitive advantage has been driven by intangible assets. This study would explore the newest intangible asset reporting systems, compare their capabilities and identify their weaknesses.

**Keywords:** intangible assets, intangible asset reporting, intangibles

**Research type:** Literature review.